



Logistics Reform Panel

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Military Sealift Command

Privatization Initiatives Team

In 1997 Secretary Dalton informed Congress that the Navy would contract out the services being provided by Navy Harbor Tugs.

In doing so, the Navy's goals were:

- ✓ Improve operational capability**
- ✓ Reassign USN manpower**
- ✓ Reduce costs**



Results

Military Sealift Command awarded contracts for 32 full-time / 76 part-time commercial harbor tugs.



- ✓ Double the operational capability in most instances
- ✓ A reallocation of **126** military billets
- ✓ A reduction in cost by over **\$40M** over the next 5 years



Hurdles & Lessons Learned

Hurdles encountered:

- **Sea-shore rotation concerns**
- **Perceived loss of local USN control**
- **Customer s unfamiliarity of commercial market and contract options**

Lessons learned:

- **Commercial chartering increases the Navy s flexibility and decreases cost**
- **Well-developed contract standards meet the Navy s needs**



What We Would Do Differently

- **Establish early Navy-wide coordination to:**
 - **Avoid reinventing the process with each new port**
 - **Preclude self-competition for commercial yard construction space**
- **Provide advance customer education regarding commercial market capabilities**
- **For more information on this practice send an e.mail to ctexcdnate@ar.navy.mil**